

IN THE UNITED STATES BANKRUPTCY
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION

In re:) CHAPTER 11
)
KRISJENN RANCH, LLC,)
)
Debtor) CASE NO. 20-50805

KRISJENN RANCH, LLC,)
KRISJENN RANCH, LLC-SERIES)
UVALDE RANCH, AND KRISJENN)
RANCH, LLC-SERIES PIPELINE)
ROW, as successors in)
interest to BLACK DUCK)
PROPERTIES, LLC,)

Plaintiffs,)

V.) ADVERSARY NO. 20-05027

DMA PROPERTIES, INC., AND)
LONGBRANCH ENERGY, LP,)

Defendants.)

DMA PROPERTIES, INC.,) CHAPTER 11

Cross-Plaintiff/)
Third-Party Plaintiff,)

) ADVERSARY NO. 20-05027

V.)

KRISJENN RANCH, LLC,)
KRISJENN RANCH, LLC-SERIES)
UVALDE RANCH, AND KRISJENN)
RANCH, LLC-SERIES PIPELINE)
ROW, BLACK DUCK)
PROPERTIES, LLC, LARRY)
WRIGHT, AND JOHN TERRILL,)

Cross-Defendant/)
Third-Party Defendants.)

ORAL AND VIDEOTAPED DEPOSITION OF

LARRY WRIGHT

SEPTEMBER 29, 2020

Volume 1 of 2

ORAL AND VIDEOTAPED DEPOSITION OF LARRY WRIGHT,
produced as a witness at the instance of DMA PROPERTIES,
INC., AND FRANK DANIEL MOORE, and duly sworn, was taken
in the above-styled and numbered cause on SEPTEMBER 29,
2020, from 9:13 a.m. to 5:23 p.m., via Zoom
videoconference, before Kailee Pereida, CSR in and for
the State of Texas, reported by machine shorthand
pursuant to the Federal Rules of Civil Procedure.

A P P E A R A N C E S

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1 ALSO PRESENT:

2 Mr. Darin Borders (Via Videoconference)

Mr. Adam McLeod (Via Videoconference)

3 Mr. John McLeod (Via Videoconference)

Mr. Daniel Moore (Via Videoconference)

4 Ms. Kailee Pereida, The Reporter (Via
Videoconference)

5 Mr. Shane Ramirez, The Videographer (Via
Videoconference)

6 Ms. Gwynne Wright

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1 THE VIDEOGRAPHER: Here begins the
2 deposition of Larry Wright. Today's date is September
3 29th, 2020. The time is 9:13 a.m. This deposition is
4 being recorded live via Zoom.

5 Will the court reporter please do her read
6 on and swear in the witness?

7 (Witness sworn by court reporter.)

8 THE REPORTER: And before we get started,
9 can I get everyone to please state their appearances for
10 the record?

11 THE WITNESS: Larry Wright.

12 MR. MULLER: This is John Muller on
13 behalf of Mr. Wright and -- I'm sorry -- on behalf of
14 KrisJenn Ranch. And then Gwynne Wright is also here as
15 a representative of KrisJenn Ranch.

16 MR. GERMANY: William Germany on behalf
17 of Larry Wright.

18 MR. CLEVELAND: Tim Cleveland, Chris
19 Johns, Christie Hebert on behalf of DMA Properties,
20 Daniel Moore, Longbranch Energy, and Darin Borders;
21 although this deposition has been noticed only by DMA
22 Properties. And with us as well is Daniel Moore by
23 phone. And Darin Borders is also with us by phone.

24 And I think I see -- just so we have a
25 complete record, I think Mr. McLeod is on the phone.

1 Mr. McLeod being here right now. But while I'm doing --
2 while you're doing the initial part of your examination,
3 I'll reach out to Ron and see if we have any real
4 issues. If not --

5 MR. CLEVELAND: Okay. Great.

6 MR. MULLER: Or I'll just stop you if I
7 want to continue on the objection. We can proceed for
8 now.

9 MR. JOHN MCLEOD: That'll -- that'll be
10 fine. I mean, I can -- I can get off if it upsets
11 anybody too much, so...

12 MR. MULLER: No, it doesn't upset
13 anybody. I just want to make sure we're -- we're doing
14 right. But let me -- let me check with my -- my smarter
15 half, and I'll get right back to you.

16 MR. JOHN MCLEOD: Okay.

17 MR. CLEVELAND: Okay. Kailee, am I good
18 to proceed?

19 THE REPORTER: Yes, sir.

20 MR. CLEVELAND: Okay.

21 LARRY WRIGHT,

22 having been first duly sworn, testified as follows:

23 EXAMINATION

24 BY MR. CLEVELAND:

25 Q. Mr. Wright, good morning.

1 A. Good morning.

2 Q. Sir, you understand that you just took an oath
3 from our court reporter to tell the truth today, sir?

4 A. Yes.

5 Q. Do you understand that that's the same oath
6 that you would take if we were, one, in the same
7 deposition room together physically and also if we were
8 in a courtroom together in San Antonio, Texas? Do you
9 understand that, sir?

10 A. Yes.

11 Q. Okay. And your full name, as you -- as you
12 stated earlier, is Larry Michael Wright; is that right,
13 sir?

14 A. Yes.

15 Q. And what is your residential address,
16 Mr. Wright?

17 A. 410 Spyglass, McQueeney, Texas.

18 Q. Okay. And, Mr. Wright, are you, sir, under
19 the influence of any substance or medication this
20 morning that would affect your ability to testify
21 truthfully?

22 A. No, sir.

23 Q. Is there any other reason, sir, that you're
24 not able to testify truthfully and give your best
25 answers to my questions today?

1 exhibits, I am showing you what I have marked as
2 Exhibit 1 to your deposition today. Do you see
3 Exhibit 1 up here on the tab?

4 A. Yes, I do.

5 Q. Okay. And have -- I am -- I am scrolling
6 down. This is the Notice of Deposition of KrisJenn
7 Ranch, LLC, and Its Series.

8 Do you see that, sir, here on page 2?

9 A. Yes, sir.

10 Q. Okay. And you'll see that this notices this
11 deposition for today. I'm highlighting this. Can you
12 see my highlights on September 29th, 2020?

13 A. Yes. Yes, sir.

14 Q. And I am scrolling down further. And there's
15 a page of definitions.

16 And, finally, I am -- I am on the page
17 with "Topics." Do you see that, sir?

18 A. Yes, I do.

19 Q. Have you seen this document before, sir?

20 A. I was given that on Friday, I think, yes.

21 Q. Okay. And do you understand that you are
22 testifying here today on behalf of KrisJenn Ranch and
23 its Series LLC's with respect to the topics in this
24 Exhibit 1?

25 A. Yes, sir.

1 Q. And are you prepared to testify as the
2 corporate rep for the Debtors with respect to these
3 topics, sir?

4 A. To the best of my ability, yes, sir.

5 Q. Okay. What did you do to prepare to give
6 testimony on behalf of the Debtors on these topics, sir?

7 A. I reviewed them over the weekend.

8 Q. You reviewed the topics themselves that are
9 here in Exhibit 1?

10 A. Yes.

11 Q. Did you do anything else?

12 A. I reviewed them to see what they were relating
13 to. Some of them -- some of the questions were
14 confusing. But, yes, I reviewed them.

15 Q. Okay. And I appreciate that. My question is:
16 Did you do anything else to prepare to testify as the
17 Debtor's representative today besides review these
18 topics in Exhibit 1?

19 A. Well, no. I mean, each topic, I -- I tried to
20 go into what the -- what the topic related to, yes, sir.

21 Q. Okay. Did you review any documents to prepare
22 to testify today other than this Exhibit 1?

23 A. You would have to ask me each document if I
24 reviewed it. But --

25 Q. Sir --

1 A. -- I did look --

2 Q. -- did you --

3 A. I did look --

4 Q. -- review any documents --

5 A. -- at some -- I think I looked at the Harris

6 SWD agreement and --

7 Q. Okay.

8 A. -- some of that, yes, sir. And then I looked

9 at some of the --

10 Q. Anything else?

11 A. I looked at some of the agreements on the

12 20 percent, those agreements.

13 Q. Any -- anything else?

14 A. I looked at some of the loan documents.

15 Q. Okay. Anything else?

16 A. I -- just in general, I -- I think that was

17 really most of them. I -- I think I did look at the

18 resignation of Mr. Moore. I did look at some of the

19 closing documents on the pipeline. And I did look at

20 the Longbranch agreement.

21 Q. Okay. Anything else?

22 A. I -- I can't remember anything else.

23 Q. Okay. I am going to direct you to some of the
24 highlighted topics on this page 5.

25 Can you see these, sir?

1 A. I'm sorry?

2 Q. All right. Mr. Wright, we're done with that
3 exhibit.

4 A. Okay.

5 Q. Mr. Wright, what do you believe is a fair
6 outcome of this lawsuit, sir?

7 MR. MULLER: Objection; form.

8 A. The word fair to me is exactly how the
9 agreement was written, which I have never swayed from
10 one bit. 20 percent of the net profits to go to Darin
11 and Daniel and the balance to --

12 Q. (BY MR. CLEVELAND) And so --

13 A. -- KrisJenn Ranch.

14 Q. And so according to you, how would that play
15 out in where we are right now if the pipeline -- if the
16 right-of-way -- excuse me -- is option to -- I'm sorry.
17 Let me ask a new question.

18 How would what you just said play out if
19 the McLeods acquire the right-of-way that's the subject
20 of the option agreement?

21 MR. MULLER: Objection; form.

22 A. The 5.9 million would go back to the McLeods,
23 and the 100,000 would be split fairly between KrisJenn
24 Ranch, Darin Borders, and Daniel Moore.

25 Q. (BY MR. CLEVELAND) And you said the

1 5.9 million would go back to the McLeods. Did you

2 mean --

3 A. Yes, sir. Yes, sir.

4 Q. Well, the McLeods wouldn't get the money back.

5 They would get the right-of-way if they exercised their

6 option, right?

7 A. That -- that is correct.

8 Q. So when you say the 5.9 million went back to

9 somebody, were you referring to KrisJenn Ranch?

10 A. Kris- -- the 5.9 million would release the

11 KrisJenn Ranch, and they would then own the pipeline and

12 my minerals would be released.

13 Q. Meaning the McLeods would own the -- the

14 right-of-way and the pipeline and you would keep your

15 minerals?

16 A. And the ranch.

17 Q. Okay. And the distribution of the 100,000

18 would be what?

19 A. That would be the net profits.

20 Q. And so under that, how much would Mr. Borders'

21 and Mr. Moore's entity receive?

22 A. 20,000 apiece.

23 Q. Okay. And that's based on the net profit

24 interest agreements?

25 A. Yes, sir.

1 Q. When did you disclose the Black Duck

2 transaction with TCRG to Daniel Moore?

3 A. I don't remember.

4 Q. When did you disclose the Black Duck

5 transaction with TCRG to Darin Borders?

6 A. I don't remember.

7 Q. Okay. When did you disclose to TCRG the net

8 profits agreements held by Longbranch Energy and DMA

9 Properties?

10 A. I don't remember.

11 Q. Okay. Did you disclose to TCRG, prior to the
12 sale of the right-of-way by Black Duck, the 20 percent
13 net profits interest of Longbranch and DMA respectively?

14 A. I don't remember.

15 Q. Okay.

16 A. I never had any conversation with --

17 Q. Did you go back with --

18 A. -- TCRG.

19 Q. Did you -- did go back and --

20 A. Never --

21 Q. -- review the net profit agreement of
22 Longbranch and DMA prior to closing with TCRG to see if
23 those agreements would have any impact on TCRG?

24 A. They had no impact.

25 Q. But that's not my question. Did you go back

1 Q. Can you see this --

2 THE WITNESS: Do we have --

3 Q. (BY MR. CLEVELAND) -- screen and the document
4 I have up here, sir?

5 A. I can see that, yes.

6 Q. Okay. The Longbranch assignment is

7 Exhibit 12. Do you have the Longbranch assignment in
8 front of you?

9 A. I have Exhibit 8, Longbranch assignment.

10 Q. Okay.

11 A. See right here?

12 Q. What was the purpose of the Longbranch
13 assign- -- of the Longbranch Energy/Black Duck
14 Properties agreement that's in front of you, sir?

15 A. What was the purpose?

16 Q. Yes, sir.

17 A. You're asking me what the purpose is. Is that
18 a joke?

19 Q. No, it's not. What was the purpose of it?

20 A. Well, the purpose of it is that it's a
21 document that spells out the -- what Darin Borders
22 agreed to do with Black Duck.

23 Q. Okay. And what did Black Duck get out of this
24 agreement, sir?

25 A. We got the contract.

1 A. -- to be said in that document.

2 Q. Okay. Thank you.

3 So do you see that that assignee, this
4 term, is referring to Black Duck in this agreement? Do
5 you see that, sir?

6 A. I see that, yes. Yes, that is correct.

7 Q. Okay. And now let's look at paragraph 1 in
8 Consideration. Are you there with me, sir?

9 A. Paragraph 1. Okay. I see it.

10 Q. It says, "Assignor" -- and that's Longbranch
11 Energy, right?

12 A. That is correct.

13 Q. "Shall be paid 20 percent (Net Profits Share)
14 of the Net Profits from Assignee or its successors or
15 assigns during the period of time beginning on the date
16 of first written above (the Period)."

17 Did I read that correctly?

18 A. You read it correctly.

19 Q. What does "or its successors and assigns" mean
20 in that paragraph?

21 MR. MULLER: Objection; form.

22 A. The document speaks for itself.

23 Q. (BY MR. CLEVELAND) Well, I'm asking you:
24 What does "or its successors or assigns" mean in
25 paragraph 1?

1 A. It means what it says. It speaks for itself.

2 The document speaks for itself.

3 Q. So this agreement is binding on --

4 A. It would be -- I don't know who it's binding
5 on.

6 Q. Is it --

7 A. It speaks for itself.

8 Q. Is this agreement binding --

9 A. We can --

10 Q. -- on the suc- -- is this agreement binding on
11 the successors and assigns of Black Duck?

12 A. We don't know because it -- it -- we're
13 waiting on the courts to rule on that. It means what it
14 says.

15 Q. Okay. What did you intend when you agreed to
16 this phrase, "or its successors or assigns"?

17 A. I relied on the attorney that represented
18 Black Duck at that time, Mr. Pigg.

19 Q. What did you intend when you agreed to this
20 agreement that says, "or its successors and assigns," in
21 paragraph 1?

22 A. I agree to what the document says.

23 Q. Can you tell me anything else about what Black
24 Duck's intent was by including "or its successors or
25 assigns" in paragraph 1?

1 A. We stand by what the document says.

2 Q. Can you tell me anything about what Black Duck
3 intended other than we stand by the document?

4 A. That's all I can think of at this moment.

5 Q. Okay. Do you agree that successors and
6 assigns is pleural; it's not singular?

7 A. I don't know. I'd have to -- my attorney
8 would have to advise me on that.

9 Q. Okay.

10 A. I guess --

11 Q. But your -- but your testimony -- but your
12 testimony is that the net profits under this -- I'm
13 sorry. Is your testimony that Longbranch only got a
14 20 percent share of the net profits of Black Duck by
15 this agreement?

16 A. My -- my --

17 MR. MULLER: Objection; form.

18 A. My -- my testimony is that this document means
19 what it means, the plain language.

20 Q. (BY MR. CLEVELAND) Did you intend to grant
21 Longbranch Energy a 20 percent net profit share in
22 anything other than Black Duck the company?

23 A. It would be hard to grant him anything until
24 we closed on something. So this -- this was, I guess,
25 looking into the future on what might happen. And we're

1 my language.

2 Q. Well, Mr. Wright, if you're -- I hear you that
3 you said that the intent of this was for it to be a
4 flip. If that's the case, why is this agreement binding
5 on the successors and assigns of Black Duck?

6 MR. MULLER: Objection; form.

7 A. This -- this agreement had to be approved by
8 the seller. The seller would not accept this until
9 Darin Borders signed off on it. And we have the
10 documents where Derick said he was -- as a team, was
11 going to move forward to sell this. So you could also
12 ask Darin Borders that question too. We have the
13 e-mails --

14 Q. (BY MR. CLEVELAND) Well --

15 A. -- where he -- he went to them on this
16 document and said, "Do y'all approve it?" And the
17 seller approved it too.

18 Q. Okay. But if it was only intended, according
19 to you, to be a flip, why is it binding on the
20 successors and the assigns of Black Duck?

21 MR. MULLER: Objection; form.

22 A. The document speaks for itself.

23 MR. CLEVELAND: Objection; nonresponsive.

24 Q. (BY MR. CLEVELAND) If this was intended to be
25 a flip, why is it binding on the successors and assigns

1 of Black Duck?

2 MR. MULLER: Objection; form.

3 A. It's -- the document speaks for itself.

4 Q. (BY MR. CLEVELAND) So as the corporate
5 representative here to testify today, you can't answer
6 that question for me other than to say, "The document
7 speaks for itself"?

8 MR. MULLER: Objection; form.

9 A. It speaks for itself.

10 Q. (BY MR. CLEVELAND) Do you agree with me that
11 what you're describing a flip and something that binds
12 the successors and assigns of Black Duck are two
13 inconsistent things?

14 A. The document speaks for itself. Nowhere in
15 here do I see that document talks about a flip. Talk to
16 your client about --

17 Q. Okay.

18 A. -- the flip. He played both --

19 Q. Okay.

20 A. -- sides of the game; your client did.

21 Q. Okay.

22 A. Ask him how he was going to flip Darin
23 Borders.

24 Q. Okay.

25 MR. CLEVELAND: I'll object as

1 Q. Okay.

2 (Exhibit 18 marked.)

3 MR. CLEVELAND: John, I'm going to be
4 referring to what is Exhibit 20 in the summary judgment
5 exhibit. And it's Exhibit 18 for this deposition. And
6 that's the DMA agreement, okay?

7 MR. MULLER: Okay. Which one is it
8 again? What number?

9 MR. CLEVELAND: It's Exhibit 20 in the
10 summary judgment exhibits, but it's going to be
11 Exhibit 18 for this deposition.

12 MR. MULLER: Hey, I'm sorry. I moved the
13 exhibits to the other room. Can I put you on hold for
14 just one minute?

15 MR. CLEVELAND: Yes.

16 MR. MULLER: Okay. Good to go. 20, you
17 say?

18 MR. CLEVELAND: Yeah, 20 in that binder.

19 And this is Exhibit 18 for the deposition. And this is
20 the DMA Properties agreement with Black Duck Properties.

21 Q. (BY MR. CLEVELAND) Do you have that in front
22 of you, Mr. Wright?

23 A. Yes, I do.

24 Q. Okay. And this is the agreement where DMA
25 Properties received the 20 percent net profit interest,

1 correct?

2 A. Yes.

3 Q. And the date of this agreement is

4 February 7th, 2018, as I've highlighted here, correct?

5 A. Yes.

6 Q. And why did Black Duck Properties and you, on
7 its behalf, agree to this document with DMA Properties?

8 A. Because he said that I had approved -- that
9 was the document we approved with Darin Borders and if I
10 would honor the same agreement. And the agreement still
11 stands by its fact even though he -- he did do an e-mail
12 trying to explain the difference. But he -- he used
13 presumptions, which are bad for everything.

14 Q. Okay. And --

15 A. He used --

16 Q. -- Longbranch --

17 A. Yeah, he used a presumption on the
18 nine-and-a-half million. I never came up with that or
19 agreed to that --

20 Q. Okay.

21 A. -- on any basis, yeah.

22 Q. Okay. And, Mr. Wright, did you -- similar to
23 the Longbranch assignment, did you read this document,
24 the agreement, before you signed it on behalf of Black
25 Duck?

1 A. We put it to my attorney, and he looked at it
2 and said it's close to the same agreement, that he's
3 asking for the same thing.

4 Q. But my question is: Did you read this before
5 you signed it?

6 A. I read everything before I sign it, Tim.

7 Q. So did you read this agreement before you
8 signed it?

9 A. I read every agreement before I sign it, Tim.

10 Q. Well, so the answer to my question is yes
11 then; is that right?

12 A. I read every agreement before I sign it.

13 MR. MULLER: So the answer to the
14 question is yes?

15 Q. (BY MR. CLEVELAND) Including this one?

16 A. Oh, well -- yes.

17 Q. Okay. Thank you.

18 Now, paragraph 1 is Consideration. Why
19 did you agree to bind Black Duck or its successors and
20 assigns, sir, in paragraph 1?

21 A. Because it's the same as in the Longbranch
22 agreement.

23 Q. Any other reason?

24 A. It's identical.

25 Q. Is there any other reason?

1 A. It's identical to the Longbranch agreement.

2 Q. Okay. Is there any other reason?

3 A. It's identical to the Longbranch agreement.

4 That's the only reason.

5 MR. CLEVELAND: Object --

6 Q. (BY MR. CLEVELAND) That's the only reason.

7 Okay.

8 Now, did you -- is your testimony that
9 like the Longbranch assignment, that your intent for the
10 DMA agreement was to be a flip?

11 A. That was done after we closed it. And the
12 Longbranch agreement was an assignment that listed the
13 net profits. That -- so the net profits would be --
14 whether it be a flip or whatever it is, it would be the
15 gross -- the gross minus the cost equaled the net.

16 Q. Okay. And the gross revenues from what?

17 A. A sale.

18 Q. A sale of what?

19 A. The Express Pipeline and the ROW.

20 Q. And so did this agreement grant the net
21 profits interest in any gross revenues other than those
22 from a sale of the pipeline or the ROW?

23 A. This is only in a sale for the Express
24 Pipeline or the P-21. Nowhere on it does it --

25 Q. Okay.

1 A. -- describe ROW.

2 Q. Okay. But this net profits interest in the
3 DMA agreement only relates to a sale of the P-21 or
4 Express Pipeline. Is that what you're saying?

5 A. Yes, sir.

6 Q. Okay. And what's that based on?

7 A. It's what it says.

8 Q. Okay. Okay. And you see paragraph 1(b) here
9 that I just highlighted?

10 A. Correct.

11 Q. That's the -- that's the same paragraph 1(b)
12 as from the Longbranch assignment, right?

13 A. Correct.

14 Q. Why did you include the phrase "shall attach
15 and run with" in this paragraph 1(b) of the DMA
16 agreement and the Longbranch assignment?

17 MR. MULLER: Objection; form.

18 A. Daniel Moore created this agreement, and we
19 looked at it and signed it.

20 Q. (BY MR. CLEVELAND) Okay. But my question is:
21 Why did you include "shall attach and run with" --
22 "shall attach and run with" in paragraph 1(b)?

23 A. Because it read the same as the Longbranch
24 agreement.

25 Q. Okay. Why did you agree on behalf of Black

1 Duck to paragraph 1(b) which includes the "shall attach
2 and run with" language?

3 A. Because -- because Daniel Moore in his
4 e-mails -- I asked him why it reads exactly, and he says
5 because that's something we approve, Black Duck. And I
6 said, "Okay. That's fine."

7 Q. Okay. Something that attaches and runs with
8 would be inconsistent with simply a net profit on a
9 sale; would you agree?

10 MR. MULLER: Objection; form.

11 A. The net profits is describing the pipeline
12 that attaches and runs with it. That's the way I
13 interpret that to mean.

14 Q. (BY MR. CLEVELAND) Okay. You -- you don't
15 interpret that to mean the obligation to pay the net
16 profit shares shall attach and run?

17 A. It stands for -- it stands exactly for -- by
18 what it reads.

19 Q. Which is that Black Duck Properties, LLC's
20 obligation to pay the net profit share shall attach and
21 run with, right?

22 A. What it says is what it means.

23 Q. Okay. And, in fact, you agree that Black Duck
24 would, as it says at the end of 1(b), bind its
25 successors and assigns to the payment of the net profits

1 shared, didn't you?

2 A. It means exactly what it says.

3 Q. And what does that mean that -- that binds its
4 successors and assigns to the payment of the net profit
5 share of 1(b)? What does that mean?

6 A. It means --

7 MR. MULLER: Objection; form.

8 A. It means the words speak for themselves.

9 Q. (BY MR. CLEVELAND) Any -- does it mean
10 anything else?

11 A. They mean what they say in the agreement.

12 Q. Is there anything else you can help -- you can
13 add to help me understand what that means from your
14 perspective?

15 A. They mean what they say in the agreement. The
16 words speak for themselves.

17 Q. Okay. Anything else you want to add to
18 elaborate on that? If the answer is you have nothing
19 else to elaborate on, we can move on.

20 A. I have nothing else to elaborate on it. We're
21 still in discovery on that.

22 Q. Okay. Thank you. Let's look at --

23 A. We don't know what Mr. Black meant -- I mean,
24 Mr. Pigg meant by that. It would be interesting to see.

25 Q. (BY MR. CLEVELAND) Okay. Well, he didn't